

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Competitive Telecommunications Association)
Florida Competitive Carriers Association And)
Southeastern Competitive Carriers Association)
)
Petition On Defining Certain Incumbent LEC)
Affiliates As Successors, Assigns, Or)
Comparable Carriers Under Section 251(h))
Of The Communications Act)

CC Docket No. 98-39

To: The Commission

REPLY COMMENTS OF BELL SOUTH CORPORATION

BELL SOUTH CORPORATION

William B. Barfield
M. Robert Sutherland
David G. Richards

1155 Peachtree Street, N.E.
Suite 1800
Atlanta, GA 30309-3610
(404) 249-4839

David G. Frolio

1133 21st Street, N.W.
Suite 900
Washington, DC 20036
(202) 463-4182

Its Attorneys

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SUMMARY

The commenters filing in support of the Petition have done nothing to overcome the fact that the Petition is a late-filed petition for reconsideration. BellSouth and other entities with related ILECs have made it clear that the Petition is procedurally and substantively defective.

Those commenters filing in aid of the Petition have crystallized the purpose and intent of the Petition. They, like the petitioners, seek to thwart the entry of legitimate competitors into the local exchange and exchange access market. Congress in the 1996 Telecommunications Act and the Commission in decisions implementing the Act have found that the public interest would be served by such entry. Numerous state commissions also have found it in the public interest to permit CLECs affiliated ILECs to provide these services in their ILECs' territories.

The goal of petitioners and their like in this proceeding is to delay the day when BOC affiliates will be able to compete against them in the offering of one-stop shopping opportunities to the public. They have the ability to offer one stop shopping today to both businesses and residences. In general, they have avoided the residential market. The entry of BOC affiliates as CLECs will cause them to have to focus on both of those markets. They want to put off that day. Affirmative action by the Commission on the Petition will aid that delay to the detriment of the public interest.

BellSouth has dispelled the factual inaccuracies in the Petition and many of the supporting comments. The unfounded allegations about BellSouth's motives and likely actions also have been demonstrated to be without foundation. The reliability of Petitioners' witness and his arguments have been shown to be wanting.

In sum, BellSouth respectfully submits that the Petition should be dismissed and the proceeding terminated for the reasons given in BellSouth Comments and the comments of others opposing the Petition.

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Comparable Carriers Under Section 251(h))	
Of The Communications Act)	
To: The Commission		

REPLY COMMENTS OF BELL SOUTH CORPORATION

BellSouth Corporation ("BellSouth"), on behalf of itself and its affiliates, by its attorneys, respectfully submits the following in response to the comments filed by other parties in the above-captioned proceeding. For the reasons set forth in BellSouth's comments¹ and those of other parties filed on May 1, 1998, in opposition to the captioned petition (the "Petition"), the Petition should be dismissed and the docket terminated.

THE PETITION IS STILL AN UNTIMELY PETITION FOR RECONSIDERATION

In the main, the petitioners' supporters disregard the fact that the Commission, over one year ago, based on a full record, adopted section 53.207 of its rules. In that section, the

¹ Comments of BellSouth Corporation, filed in CC Docket 98-39, on May 1, 1998 ("BellSouth Comments").

Commission set forth that a Bell operating company ("BOC") affiliate that provides local exchange and exchange access services becomes an assign of the BOC under section 3(4) of the Communications Act of 1934, as amended (the "Act"), 47 U.S.C. § 153(4), "[i]f a BOC transfers to [i]t ownership of any network elements that must be provided on an unbundled basis pursuant to section 251(c)(3) of the Act." As shown in BellSouth Comments and other filings in this matter,² the Petitioners³ and their supporters are seeking reconsideration of that decision out of time. The Petition should be dismissed on that basis alone.

**THE COMMISSION AND STATE COMMISSIONS HAVE
DETERMINED THAT CERTIFICATION OF ILEC AFFILIATES
AS CLECS IS IN THE PUBLIC INTEREST**

The parties that filed in support of the petitioners⁴ have attempted to paint all incumbent local exchange carriers ("ILECs") and their competitive local exchange carrier ("CLEC") affiliates with the same broad brush.⁵ Some commenters argue that varying outcomes in CLEC

² See Ameritech Corporation Opposition ("Ameritech Opposition"), at 2, 7; Opposition of GTE Service Corporation and GTE Communications Corporation ("GTE Opposition"), at 10-12.

³ Competitive Telecommunications Association ("CompTel"), Florida Competitive Carriers Association ("FCCA") and Southeastern Competitive Carriers Association ("SECCA") (collectively, the "petitioners").

⁴ See, e.g., AT&T Comments, at 4; Comments of Teleport Communications Group Inc., at 2-5; late-filed Comments of Telecommunications Resellers Association ("TRA Comments"), at 4-6; Comments of WorldCom, Inc. ("WorldCom Comments"), at 2, 8-9; Comments of MCI Telecommunications Corporation ("MCI Comments"), at 3-13; Comments in Support by the Association of Local Telecommunications Services ("ALTS Comments"), at 5-6; and Comments of LCI International Telecom Corp. ("LCI Comments"), at 4.

⁵ Sprint Corporation ("Sprint") agrees. Comments of Sprint Corporation, at 2. However, Sprint, which has ILEC subsidiaries in 19 states and a long distance subsidiary that will offer CLEC services, qualifiedly supports the Petition. It believes that CLEC services can be provided by an ILEC affiliate "in a purely benign fashion." *Id.* Sprint even suggests three tests to determine if a CLEC's operations are "legitimate and benign." *Id.*, at 3, 5-7. However, like other commenters, Sprint fails to acknowledge that the Commission has established a one part test to determine if a CLEC is a successor or assign; the test is set forth in section 53.207 of the Commission's rules and has nothing to do with Sprint's suggested tests.

authorization proceedings in different states demand Commission intervention.⁶ MCI discusses at length particular CLEC cases in Texas, Michigan and Connecticut that it claims demonstrates how a CLEC operating in its affiliated ILEC's service area can "facilitate anticompetitive strategies."⁷ MCI also states that "price squeezes can be more easily imposed by having the ILEC provide overpriced UNEs,"⁸ thereby conveying to the Commission that, in MCI's opinion, state commissions either cannot or will not do their jobs. Indeed, MCI calls into question the Commission's capacity to enforce the Act. It posits that negotiated interconnection agreements do not address ILEC discrimination in favor of its CLEC affiliate.⁹ Therefore, in MCI's view, an ILEC would be free to act to the benefit of its CLEC affiliate and to the detriment of other CLECs. Apparently, in these circumstances, MCI has no regard for the Commission's ability to pursue, forestall and punish violations of sections 201, 202 and 251 of the Act. Other filers as well as MCI also suggest that the Commission and the state commissions cannot perform their respective regulatory duties.¹⁰

⁶ See Comments of NEXTLINK Communications, Inc. ("NEXTLINK Comments"), at 7 ("[i]t is important that the Commission act expeditiously to resolve this controversy and provide the correct guidance to state commissions before many of the pending applications for ILEC 'competitive' affiliates receive state commission authority to operate"); WorldCom Comments, at 7-8; and MCI Comments, at 9-10, n.9.

⁷ See MCI Comments, at 4-10.

⁸ *Id.*, at 5.

⁹ *Id.* at 11-12.

¹⁰ See, e.g., NEXTLINK Comments, at 3 (an ILEC affiliated CLEC providing local exchange and exchange access services in the ILEC's territory "could allow the ILEC to evade its obligations under the 1996 Act"); WorldCom Comments, at 7 ("[n]or did the [state] commissions [in granting BellSouth BSE CLEC status] address any legal or policy ramifications, such as the continuing applicability of interconnection, resale, and unbundling obligations pursuant to Section 251(c) of the Act"); and MCI Comments, at 4-5 ("[s]etting up new local service affiliates increases the risk that ILECs will carry out other anticompetitive pricing strategies as well, given the leeway that state commissions have in setting prices for unbundled network elements" and "[i]f the local service affiliate is regulated as a nondominant carrier, there will be no effective regulatory check on its retail rates or the imputation of input costs"). and 9-10, n.9.

MCI has missed the point of the cases it cites. The GTE case in Texas ultimately turned not on the statements of the Commissioners but on the state's unique statutory regimen that prevents an ILEC from having a CLEC affiliate that offers service in its wireline territory. The Michigan cases involving GTE and Ameritech and the Southern New England Telephone Company case in Connecticut show that when confronted with challenging facts and circumstances the various state commissions are willing to address them. Indeed, MCI may not like the outcome in Connecticut¹¹ but it cannot say that the Connecticut Department of Public Utility Control did not act. Moreover, these decisions have no application to the facts and circumstances presented by the CLEC applications filed by BellSouth BSE, Inc. ("BSE"), an affiliate of BellSouth Telecommunications, Inc. ("BST"), in states like Florida, Georgia and South Carolina. Not only were the facts not the same but the statutory regimens varied.

The supporters of the Petition rely on hyperbole, not facts, to support their allegations. However, no level of hyperbole will overcome the prior determinations by the Commission in CC Docket No. 96-149 and eighteen state commissions in granting twenty-three CLEC authorizations that the public interest is served by permitting the CLEC affiliate of an ILEC to offer local exchange service in the same territory in which the ILEC provides local exchange

¹¹ See SNET Comments, at 9, n.9.

service.¹² Petitioners and their supporters have demonstrated one thing clearly though, they want to constrain severely, if not eliminate entirely, the ability of CLECs affiliated with ILECs to compete in the competitive telecommunications market envisioned by the framers of the Telecommunications Act of 1996.¹³ Accordingly, there is no need for Commission action on the basis of these unfounded arguments.

THE PUBLIC INTEREST WOULD NOT BE SERVED BY GRANT OF THE PETITION

Petitioners' supporters take various routes in coming to the same erroneous conclusion that the Commission must denominate ILEC affiliated CLECs as successors or assigns under section 251(h)(1)(B) of the Communications Act of 1934, as amended (the "Act"),¹⁴ or comparable carriers under section 251(h)(2) of the Act.¹⁵ Most ignore the fact that the Commission has determined, at least for Bell Operating Company ("BOC") affiliates, that only the transfer of network elements which must be provided on an unbundled basis pursuant to

¹² See *Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934, as amended*, CC Docket No. 96-149, *First Report and Order and Further Notice of Proposed Rulemaking*, 11 FCC Rcd 21905, 22055 ("section 272 does not prohibit a section 272 affiliate from providing local exchange service" and "a BOC affiliate should not be deemed an incumbent LEC subject to the requirements of section 251(c) solely because it offers local exchange services"), 22056 ("no basis in the record of this proceeding to find that a BOC affiliate must be classified as an incumbent LEC under section 251(c) merely because it is engaged in local exchange services" and "section 251 does not preclude section 272 affiliates from obtaining resold local exchange service pursuant to section 251(c)(4) and unbundled elements pursuant to section 251(c)(3)"), and 22057 ("the ability to provide both interLATA and local services from the same entity serves the public interest, because such flexibility will encourage section 272 affiliates to provide innovative new services") (1996) (*Non-Accounting Safeguards Order*); and BellSouth Comments, Exhibit 1.

¹³ See Pub. L. 104-104, 110 Stat. 56 (1996), *codified at* 47 U.S.C. §151 *et seq.*

¹⁴ 47 U.S.C. § 251(h)(1)(B).

¹⁵ 47 U.S.C. § 251(h)(2).

section 251(c)(3) of the Act causes an affiliate to become a successor or assign.¹⁶ For some of the petitioners' supporters, a CLEC affiliated with an ILEC need merely use a similar name as the ILEC to be burdened with the ILEC's obligations under section 251 of the Act.¹⁷ Other supporters argue that *any* CLEC providing local exchange services in its ILEC affiliate's territory should be considered a successor or assign of the ILEC under section 251(h)(1) of the Act or comparable carriers under section 251(h)(2) of the Act.¹⁸

Of course, any such action by the Commission would serve the petitioners' various constituencies, and not the public interest, because it would remove an otherwise legitimate competitor from the local exchange market. It also would deny telecommunications consumers another outlet for the one stop shopping they seek. Thus, not only are most CLECs and interexchange carriers avoiding the local residential market, they also want to preclude another potential source of competition in that market and the local business market.¹⁹

¹⁶ See, e.g., AT&T Comments, at 5 ("the Commission has not defined the minimum criteria for determining whether a carrier constitutes an incumbent local exchange carrier pursuant to Section 251(h)"); WorldCom Comments; Comments of e.spire Communications, Inc. ("e.spire Comments"); LCI Comments; and KMC Telecom Inc.'s Comments In Support Of Petition For Declaratory Ruling Or, In the Alternative, For Rulemaking ("KMC Telecom Comments").

¹⁷ See, e.g., late-filed Comments of ICG Telecom Group ("ICG Comments"), at 12 ("an ILEC affiliate that operates under the same or similar brand name and provides wireline local exchange or exchange access service within the ILEC's region will be considered a 'successor or assign' of the ILEC under Section 251(h)(1)(B)(ii) of the Act, and consequently that the affiliate is subject to the obligations of ILECs under Section 251(c)"); and TRA Comments, at 4 ("[a]n ILEC affiliate that operates under, or offers services pursuant to, the ILEC brand within the ILEC's local service area is for all practical purposes stepping into the shoes of the ILEC").

¹⁸ See, e.g., ALTS Comments, at 5-6; and MCI Comments, at 13, 16.

¹⁹ See, e.g., Comments of the Southern New England Telephone Company, at 12-13; GTE Opposition, at 2-4; Ameritech Opposition, at 18; Bell Atlantic Comments, at 3; and Comments of SBC Communications Inc., at 10-11.

**CONTRARY TO ALLEGATIONS, BELL SOUTH BSE HAS NO CUSTOMERS;
BST WILL CONTINUE TO MEET ITS STATUTORY OBLIGATIONS TO
CLECS; AND BST IS NOT BELL SOUTH BSE'S ULTIMATE PARENT**

In its comments, BellSouth dispelled the factual inaccuracies about BellSouth BSE in the Petition.²⁰ In addition, unfounded assertions about BellSouth BSE and BST were made in the filings on May 1, 1998. For instance, e.spire Communications, Inc., claims that BST has transferred customers to BellSouth BSE.²¹ To the contrary, BellSouth BSE is not offering service to any customer at this time; it is still battling the likes of petitioners in a number of state certification proceedings. In fact, when BellSouth BSE enters the market, it will have zero market share.

Other commenters argue that BST will avoid its section 251 obligations through the use of BellSouth BSE to deliver its retail services.²² There is no substantial showing (only unsupported allegations of petitioners and their members) in the records of the state proceedings regarding BellSouth BSE's certification applications, or anywhere else, that demonstrates BST is going to cease meeting its obligations under section 251 of the Act when BellSouth BSE is allowed to enter the market. Rather, BST will continue to offer interconnection and unbundled network elements to all CLECs on a non-discriminatory basis. In BST's region, BellSouth BSE, like other CLECs, will obtain services for resale and unbundled network elements from BST on the same terms and conditions as any other reseller. Thus, neither BellSouth BSE nor BST will have the capacity to act in the anticompetitive manner ascribed to them.

²⁰ See BellSouth Comments, at 7-14.

²¹ See e.spire Comments, at 5, 9.

²² See, e.g., MCI Comments, at 3-8, e.spire Comments, at 6-7, 9; KMC Telecom Comments, at 2; NEXTLINK Comments, at 2-6; and WorldCom Comments, at 7-8.

While it is unlikely that correcting the record will deter the petitioners or their supporters from continuing to mischaracterize the relationship between BellSouth BSE and BST,²³ there is one additional factual matter that does need to be addressed.

WorldCom, Inc. ("WorldCom"), the putative acquirer of MCI, cited the Commission to verbiage in the South Carolina Public Service Commission ("SCPSC") order granting BellSouth BSE its CLEC authorization in that state.²⁴ WorldCom noted that the SCPSC order found that BST was BellSouth BSE's ultimate parent.²⁵ At the time of the filing of WorldCom's comments, the SCPSC order read as WorldCom reported.²⁶ However, the "simple scrivener's error" was corrected on May 14, 1998, by the SCPSC in its Order No. 98-346, a copy of which is attached as Exhibit A. The sentence now reads, as it should have originally, "Mr. Scheye testified that [BellSouth] BSE's technical ability is based upon that shown by the vast experience and financial qualifications of its ultimate parent, BellSouth Corporation."²⁷

²³ See, e.g., Reply Comments of Cable & Wireless, Inc., at 4-6.

²⁴ WorldCom Comments, at 4.

²⁵ *Id.*

²⁶ See *Applications of BellSouth BSE, Inc. for a Certificate of Public Convenience and Necessity to Provide Local Exchange Telecommunications Services in the State of South Carolina*, Order Approving Certificate to Provide Local Service, Docket No. 97-351-C, Order No. 97-1063 (So. Car. Pub. Serv. Comm'n. Dec. 23, 1997) ("South Carolina BellSouth BSE Proceeding").

²⁷ See *South Carolina BellSouth BSE Proceeding*, Order Granting Motion to Amend, Docket No. 97-351-C, Order No. 98-346 (So. Car. Pub. Serv. Comm'n. May 14, 1998).

THE TESTIMONY OF PETITIONERS' WITNESS SHOULD BE DISREGARDED

Substantial reliance is placed on the testimony of Joseph Gillan in furtherance of the arguments made by petitioners' supporters.²⁸ Unfortunately for them, as shown herein, Mr. Gillan's testimony is fatally flawed. The rationale Mr. Gillan uses and the accompanying example he employs to demonstrate the main component of his testimony assume irrational economic, if not illegal, behavior on the part of BellSouth BSE.

On May 6, 1998, Mr. Gillan accompanied counsel for the petitioners in making an *ex parte* presentation to members of the Commission's staff.²⁹ Attached to the written notice of the presentation was a document entitled "Comparing Economics of Service Resale." It is the same example Mr. Gillan used in recent testimony before the Florida Public Service Commission,³⁰ in which, in opposing BellSouth BSE's CLEC application, he argued that BellSouth BSE should not be allowed to resell BST's services.

It must be noted here that, despite the fact that he also made this same argument before the Kentucky Public Service Commission on April 24, 1998,³¹ remarkably, Mr. Gillan has

²⁸ See Petition, Attachment, Direct Testimony of Joseph Gillan on behalf of Florida Competitive Carriers Association, AT&T Communications of the Southern States, Inc., and MCI Telecommunications Corporation, Docket No. 971056-TX, Fla. Pub. Serv. Comm'n.; WorldCom Comments, at 3 (where Mr. Gillan is referred to incorrectly as "Dr. Gillan"); and ICG Comments, at 5, n.4, and 8, nn.5 & 6 (where Mr. Gillan is referred to incorrectly as "Mr. Gilan"); see also e.spire Comments, at 6. Curiously, petitioners initially appeared to place no reliance on Mr. Gillan's testimony because, despite attaching it to the Petition, the testimony is nowhere referenced in the Petition.

²⁹ See Letter dated May 6, 1998, to Magalie Roman Salas, Secretary, Federal Communications Commission, from David L. Sieradzki, Counsel for CompTel, FCCA, and SECCA in CC Docket No. 98-39 ("ex parte notice").

³⁰ See *In the Matter of Application for certification to provide alternative local exchange telecommunications service by BellSouth BSE, Inc.*, Docket No. 971056-TX, Transcript Vol. 1, Ex. 5, Tr., at 115 (Fla. Pub. Serv. Comm'n.) ("Florida BellSouth BSE Proceeding").

³¹ See *In the Matter of BellSouth BSE, Inc.'s Application for Authority to Provide Local Exchange Service*, Case No. 97-417 (Ky. Pub. Serv. Comm'n.), Tr. at 153.

stopped making this argument. He last made it before he learned during his cross examination in the Florida BellSouth BSE Proceeding that his clients there, AT&T and MCI, had taken a contrary position before this Commission in CC Docket No. 96-149.³² In testimony on May 14, 1998, before the North Carolina Utilities Commission, Mr. Gillan fell silent about his previous claim that BellSouth BSE should not be allowed to resell BST's services.³³

Returning to the example, it is an attempt to show that BellSouth BSE has an advantage over other resellers because of the access charges that BST receives from CLECs who resell. Mr. Gillan's theory in support thereof is that, because the ILEC collects access charges associated with local exchange service, BellSouth BSE, as a reseller, can charge less than other resellers for local service. The argument fails for a number of reasons.

The access charges collected by BST remain unchanged regardless of whether BST provides the service on a retail basis or BST's local service is resold by BellSouth BSE or any other CLEC. In other words, BST will receive the same amount for access no matter who delivers the service to the end user, *i.e.*, BST at retail rates or a CLEC reselling BST's service.³⁴ Of course, BST would lose access revenues if a CLEC chose to serve the end user with its own facilities, including the use of unbundled network elements taken from BST. Additionally,

³² See Florida BellSouth BSE Proceeding, Tr. at 131-132 ("Q. [By Mr. Lightsey on behalf of BellSouth BSE] So would you agree with the comments of AT&T that they made before the FCC in the joint marketing docket, in which they said, and I quote, 'The joint marketing provisions of Section 272(G) likewise make clear that the provision of exchange services by the affiliate, other than through resale, would be inconsistent with the statute.' A. [Mr. Gillan] Yes.") .

³³ See *In the Matter of BellSouth BSE, Inc. Application for Certificate of Public Convenience and Necessity to Provide Local Exchange and Exchange Access Services as a Competing Local Provider in North Carolina*, Docket No. P-691, Sub 0, Direct Testimony of Joseph Gillan, filed May 7, 1998, and Hearing Transcript (No. Car. Utils. Comm'n.).

³⁴ Commissioner Garcia of the Florida Public Service Commission made the same observation during Mr. Gillan's testimony on May 27, 1998. See Florida BellSouth BSE Proceeding, Tr. at 113.

because the wholesale discount is assumed to be set based on the actual cost avoided by BST when it provides the service on a wholesale basis,³⁵ BST's margin on the service remains the same whether it provides the service on a retail or wholesale basis.

BellSouth, as a whole, is worse off, not better off, if BellSouth BSE were to sell the local business service at a price lower than the wholesale price. Using Mr. Gillan's example, BST would get revenue of \$49.34 and an associated margin of \$13.02 from the combination of local service and access. If a CLEC takes the local service at the wholesale rate for resale, the margin for BST remains the same because the reduction in retail revenue is offset by a reduction in expense (the avoided costs).³⁶ However, if BellSouth BSE chose to charge a price below the wholesale price, the ultimate margin to BellSouth would be reduced because the lower revenue would not be offset by any reduction in expense. BellSouth BSE would still have the costs of obtaining, marketing, delivering, billing and collecting for the service. The end result is the net to BellSouth is less under this contrived scenario.

There is another, equally practical, reason that BellSouth BSE has no advantage over other CLECs in its pricing of its services. All CLECs are required by the Act to offer their services for resale.³⁷ (Granted those services do not have to be made available at a discount like BST must do.) In Mr. Gillan's example, if BST offers a retail residential service for \$24.69,

³⁵ See section 252(d)(3) of the Act, 47 U.S.C. § 252(d)(3).

³⁶ Before the Florida Public Service Commission, Mr. Gillan and Commissioner Deason agreed that this was true. See Florida BellSouth BSE Proceeding, Tr. at 127 ("COMMISSIONER DEASON: You say it's profitable but that's because of the revenue stream from access and the cost of the resold services. And that revenue stream is going to be the same regardless of whether BST resells to [BellSouth] BSE or to the reseller entrant. WITNESS GILLAN: Yes.").

³⁷ See section 251(b) of the Act, 47 U.S.C. § 251(b).

which has a wholesale price of \$20.06, BellSouth BSE could not price at or below this level without losing money. For example, if BellSouth BSE attempted to provide its local residential service at \$18.06, other CLECs would resell its service by purchasing it at \$2.00 below the wholesale rate BST was charging. Thus, BellSouth BSE would have no competitive advantage and it would lose money on every transaction—each line it delivered to an end user and each line delivered by another CLEC reselling BellSouth BSE's service.

As shown, Mr. Gillan's example is neither realistic nor likely. Like so many of the arguments made against the BOCs and their affiliates, it basically presumes that entities like BellSouth have no compunction about violating the Act, the Commission's rules, state regulations or the antitrust laws. Mr. Gillan's testimony and his example do not warrant substantive consideration.

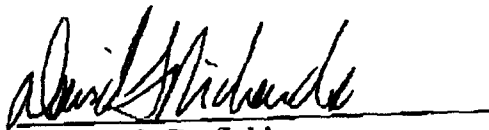
CONCLUSION

BellSouth has demonstrated that the Petition is factually wrong about BellSouth BSE's relationship to BST. BellSouth and the commenters supporting its positions in this docket have made it clear that the Petition is an ill-conceived, late-filed petition for reconsideration. Moreover, the petitioners and their supporters' protestations notwithstanding, CLECs do not become successors or assigns solely by virtue of the use of the same or a similar name as their ILEC affiliates or the hiring of some employees from their ILEC affiliates. As the Act permits and the Commission and at least eighteen state commissions have found, the public interest will be served by permitting ILEC affiliates to provide local exchange or exchange access services in and out of their ILEC affiliates' service territories.

BellSouth respectfully submits that, for the reasons stated in its comments and those of others filed on May 1, 1998, the instant proceeding should be terminated and no rulemaking proceeding initiated that would establish rules for determining if an entity is a comparable carrier.

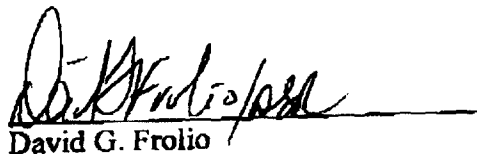
Respectfully submitted,

BELLSOUTH CORPORATION



William B. Barfield
M. Robert Sutherland
David G. Richards

1155 Peachtree Street, N.E.
Suite 1800
Atlanta, GA 30309-3610
(404) 249-4839



1133 21st Street, N.W.
Suite 900
Washington, DC 20036
(202) 463-4182

Its Attorneys

June 1, 1998

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 97-361-C - ORDER NO. 98-346
MAY 14, 1998

IN RE: Application of BellSouth BSE, Inc. for a) ORDER
Certificate of Public Convenience and) GRANTING
Necessity to Provide Local Exchange) MOTION TO
Telecommunications Services in the State of) AMEND
South Carolina.)

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Motion to Amend Order No. 97-1063, dated December 23, 1997, made pursuant to S.C. Code Ann. Section 58-9-1180 (1976). This Motion is filed by BellSouth BSE, Inc. (BSE or the Company).

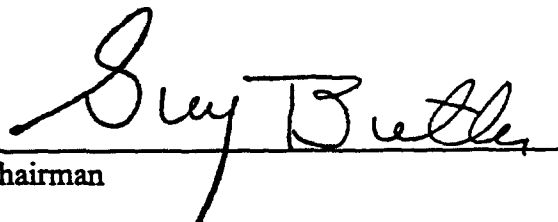
Order No. 97-1063, the second sentence, presently reads: "Mr. Scheye testified that BSE's technical ability is based upon that shown by the vast experience and financial qualifications of its ultimate parent, BellSouth Telecommunications, Inc. (BST)...." BSE requests that the Order be amended to read: "Mr. Scheye testified that BSE's technical ability is based upon that shown by the vast experience and financial qualifications of its ultimate parent, BellSouth Corporation...." The Motion notes that by amending the Order to reflect this correction, the Order will reflect accurately Mr. Scheye's testimony on this point, which can be located at page 4, lines 9-10 of his direct testimony and reads as follows: "BSE is a start-up Company and as such will rely upon the financial qualifications of its ultimate parent, BellSouth." (Hearing Tr. At p.12, lines 9-10)

S.C. Code Ann. Section 58-9-1180 (1976) states, in pertinent part, that the Commission may at any time....rescind or amend any order or decision made by it. Any Order rescinding or amending a prior order or decision...shall have the same effect as is herein provided for original orders or decisions, but no such order shall affect the legality or validity of any acts done pursuant to the original order before service of notice of such change."


Accordingly, we grant the Motion to Amend as proposed by BSE. In this instance, a simple scrivener's error occurred, and we grant the Motion in order to conform our Order to the testimony actually given by BSE witness Scheye. Therefore, the sentence at issue is hereby amended to read as follows: "Mr. Scheye testified that BSE's technical ability is based upon that shown by the vast experience and financial qualifications of its ultimate parent, BellSouth Corporation..."

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

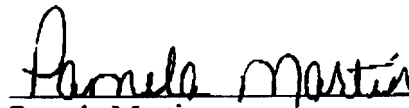
ATTEST:


Deputy Executive Director

(SEAL)

CERTIFICATE OF SERVICE

I hereby certify that I have this 1st day of June 1998, serviced all parties to this action with the foregoing REPLY COMMENTS, reference CC Docket No. 98-39, by hand service or by placing a true and correct copy of the same in the United States Mail, postage prepaid, addressed to the parties as set forth on the attached service list.


Pamela Martin

Janice M. Myles *
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W.
Room 544
Washington, DC 20554

International Transcription Services *
1231 20th Street, N.W.
Washington, DC 20036

Mark C. Rosenblum
Leonard J. Cali
James W. Grudus
AT&T Corp.
Room 3245G3
295 North Maple Avenue
Basking Ridge, NJ 07920
AT&T's Attorneys

Gary L. Phillips
Ameritech
Suite 1020
1401 H Street, NW
Washington, DC 20005

Richard J. Metzger
Emily M. Williams
Association for Local Telecommunications Services
888 17th Street, NW
Suite 900
Washington, DC 20006

James G. Pachulski
Edward G Young, III
Michael E. Glover
Bell Atlantic Corporation
1320 North Court House Road
Eighth Floor
Arlington, Virginia 22201

David L. Sieradzki
Jennifer A. Purvis
Hogan & Hartson, L.L.P.
555 Thirteenth Street, NW
Washington, DC 20004

Riley M. Murphy
James C. Falvey
e.spire Communications, Inc.
133 National Business Parkway
Suite 200
Annapolis Junction, MD 20701

Brad E. Mutschelknaus
John J. Heitmann
Kelley Drye & Warren, L.L.P.
1200 19th Street, NW
Fifth Floor
Washington, DC 20036
Counsel for e.spire Communications, Inc.

Michael J. Shortley, III
Frontier Corporation
180 South Clinton Avenue
Rochester, New York 14646

Gail L. Polivy
GTE Service Corporation
1850 M Street, NW
Suite 1200
Washington, DC 20036

John F. Raposa
GTE Service Corporation
600 Hidden Ridge, HQE03J27
Irving, TX 75038

R. Michael Senkowski
Jeffrey S. Linder
Timothy J. Simeone
Wiley, Rein & Fielding
1776 K Street, NW
Washington, DC 20006
Attorneys for GTE Service Corporation

Charles C. Hunter
Catherine M. Hannan
Hunter Communications Law Group
1620 I Street, N.W.
Suite 701
Washington, DC 20006
Attorneys for the Telecommunications
Resellers Association

Cindy Z. Schonhaut
Senior Vice President
Government and External Affairs
ICG Communications, Inc.
161 Inverness Drive West
Englewood, CO 80112

Albert H. Kramer
Michael Carowitz
Dickstein Shapiro Morin & Oshinsky
2101 L Street, NW
Washington, DC 20037
Attorneys for ICG Telecom Group

David W. Zesiger
Donn T. Wonnell
Independent Telephone &
Telecommunications Alliance
1300 Connecticut Avenue, NW
Suite 600
Washington, DC 20036

Cherie R. Kiser
A. Sheba Chacko
Mintz, Levin, Cohn, Ferris,
Glovsky and Popeo, P.C.
701 Pennsylvania Avenue, NW
Suite 900
Washington, DC 20004
Counsel for Intermedia Communications, Inc.

Andrew D. Lipman
Mary C. Albert
Swidler & Berlin, Chtd.
3000 K Street, NW
Suite 300
Washington, DC 20007
Counsel for KMC Telecom Inc.

Anne K. Bingaman
Douglas W. Kinkoph
LCI International Telecom Corp.
8180 Greensboro Drive
Suite 800
McLean, VA 22102

Peter A. Rohrbach
Linda L. Oliver
Hogan & Hartson, L.L.P.
Columbia Square
555 Thirteenth Street, NW
Washington, DC 20004
Counsel for LCI International Telecom Corp.

Frank W. Krogh
Mary L. Brown
MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006

L. Marie Guillory
Attorney for National Telephone
Cooperative Association
2626 Pennsylvania Avenue, NW
Washington, DC 20037

Cathleen A. Massey
Public Policy Counsel & Assistant
General Counsel
NEXTLINK Communications, Inc.
1730 Rhode Island Avenue, NW
Suite 1000
Washington, DC 20036

Daniel M. Waggoner
James S. Blitz
Robert S. Tanner
Davis Wright Tremaine LLP
1155 Connecticut Avenue
Suite 700
Washington, DC 20036
NEXTLINK's Attorneys

Robert M. Lynch
Durward D. Dupre
SBC Communications Inc.
One Bell Plaza
Suite 3703
Dallas, TX 75202

Patricia L.C. Mahoney
SBC Communications Inc.
140 New Montgomery Street
Room 1523
San Francisco, California 94105

Madelyn M. DeMatteo
Alfred J. Brunetti
The Southern New England Telephone Company
227 Church Street
New Haven, CT 06510

Mark L. Evans
Geoffrey M. Klineberg
Rebecca A. Beynon
Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C.
1301 K Street, NW - Suite 1000 West
Washington, DC 20005
Counsel for Southern New England Telephone
Company

Leon M. Kestenbaum
Jay C. Keithley
H. Richard Juhnke
1850 M Street, NW
11th Floor
Washington, DC 20036

Teresa Marrero
Teleport Communications Group Inc.
Two Teleport Drive
State Island, NY 10311

Mary McDermott
Linda Kent
Keith Townsend
Lawrence E. Sarjeant
United States Telephone Association
1401 H Street, NW, Suite 600
Washington, DC 20005

Catherine R. Sloan
Richard L. Fruchterman III
Richard S. Whitt
David N. Porter
Worldcom, Inc.
1120 Connecticut Avenue, NW
Suite 400
Washington, DC 20036

Genevieve Morelli
Executive Vice President
And General Counsel
Competitive Telecommunications Association
1900 M Street, NW, Suite 800
Washington, DC 20036

Danny E. Adams
Rebekah J. Kinnett
KELLEY DRYE & WARREN LLP
1200 19th Street, N.W.
Suite 500
Washington, D.C. 20036

Rachel J. Rothstein
Vice President Regulatory
And Government Affairs
CABLE & WIRELESS, INC.
8219 Leesburg Pike
Vienna, Virginia 22181